

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2016

Docket No. ACR2016

CHAIRMAN'S INFORMATION REQUEST NO. 8

(Issued January 19, 2017)

To clarify the basis of information provided by the Postal Service in its FY 2016 Annual Compliance Report (ACR), filed December 29, 2016,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than February 3, 2017.

**First-Class Mail**

1. Please refer to Library Reference USPS-FY16-4,<sup>2</sup> Excel file "FY 2016 FCM" tab "A-10 Retail Parcels." Please confirm that the volume labeled "Keys & ID Devices" are also included in the volume labeled "First Ounce." If not confirmed, please explain the discrepancy between cell J8 and the sum of cells J13:J15.

**Competitive Outbound International Insurance**

2. Please identify which factors contributed to a substantial decrease in cost coverage, unit cost, and unit revenue, and a substantial increase in volume, for Competitive Outbound International Insurance from FY 2015 to FY 2016.
3. Please provide the total number of In-Office Cost System (IOCS) tallies, the coefficient of variation for the IOCS-based cost estimate, and the 95 percent confidence interval for the cost coverage.

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<sup>1</sup> United States Postal Service FY 2016 Annual Compliance Report, December 29, 2016.

<sup>2</sup> Library Reference USPS-FY16-4, December 29, 2016.

4. Please confirm that Outbound International Insurance is an optional supplementary service for letter post and parcels under the Universal Postal Union Convention. If confirmed, please discuss whether the Postal Service is required to provide Outbound International Insurance under any other bilateral agreement.

### **Service Performance**

5. Please identify which factor(s) discussed in the Postal Service's Second Response to the ACD<sup>3</sup> were most responsible for the year-over-year change in service performance. Please also discuss what steps the Postal Service plans to take to continue to improve service performance for Inbound Letter Post.
6. Please provide the Express Mail Service (EMS) Pay-For-Performance Plan for CY 2015 and CY 2016, and the amount of money the Postal Service forfeited, if any, as a result of penalties for not meeting the service features and performance requirements for Inbound EMS.

### **Domestic Market Dominant NSAs**

7. Please refer to the January 13, 2017, Responses to CHIR No. 3, questions 31, 32.<sup>4</sup> Please provide a timeline for the assessment of the PHI NSA. When the Postal Service reassesses the PHI NSA:
  - a. Will the Postal Service amend or terminate the PHI NSA if the estimated net financial contribution of Contract Year 3 is negative? If a negative net financial contribution for Contract Year 3 will not lead to the amendment or termination of the contract, please explain.
  - b. Will the Postal Service amend or terminate the PHI NSA if the estimated net financial contribution of the entire contract (Contract Years 1-5) is

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<sup>3</sup> Docket No. ACR2015, Second Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2015 Annual Compliance Determination, June 27, 2016, at Postal Service Responses to ACD Requests 1-4.

<sup>4</sup> Responses of the United States Postal Service to Questions 1-2, 4-9, 11-13, 15-19, 23, 28, and 31-33 of Chairman's Information Request No. 3, January 13, 2017 (January 13, 2017, Responses to CHIR No. 3).

negative? If a negative net financial contribution for the Contract overall will not lead to the amendment or termination of the contract, please explain.

8. Please provide the currently available data for Contract Year 3, Quarters 1 and 2. If this data is not currently available, please explain and provide an estimate of when it will be available. Also, please provide the net financial contribution for Contract Year 3 based on currently available data using the approved methodology.

By the Chairman.

Robert G. Taub